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AUTHOR	Hudgins, Garven; Phillips, Ione
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ABSTRACT

This report discusses the findings of a survey of the financial status of state and land-grant colleges and universities conducted by the National Association of State Universities and Land-Grant Colleges. Seventy-eight of the 99 member institutions responded. The report: (1) lists the institutions with budget deficits; (2) discusses some of the stopgap and economic measures taken; (3) identifies some unmet needs caused by the financial crisis; and (4) deals with specific financial issues involved, such as: the standstill budgets, minimum increases in state appropriations, the increases in student fees and the rising student's share of instructional costs at a time when one of the great endeavors in American higher education is to open up new opportunities for the disadvantaged, and the decline in private gifts. The report concludes that if the public institutions, which now enroll about 70 percent of all college students, are to continue to provide an opportunity for higher education to the majority of young people, the federal government must become a part of this effort. (AF)

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A FINANCIAL PROFILE

of the Nation's State Universities and Land-Grant Colleges

By GARVEN HUDGINS
and IONE PHILLIPS

JEAN BRUNTLETT
Research Assistant

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
OFFICE OF EDUCATION
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FOREWORD

The severe financial crisis which confronts higher education in the United States includes public universities and colleges.

This report is based on a survey of 99 multi-campus universities in the National Association of State Universities and Land-Grant Colleges, 78 of which responded to a detailed questionnaire.

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Five years ago there was not a single public university in the country with an operating funds' deficit. Last year there were 12 that ended the academic year in the red, and 11 universities are already predicting that they will finish this year with more expenses than they have funds to meet.

The trend began during the 1966-67 academic year when the University of Nebraska joined Cornell University, one of the two private university members of the National Association of State Universities and Land-Grant Colleges, in reporting an operating deficit for the year. Cornell has experienced a deficit every year since 1965-66. In 1967-68 the deficit trend continued with the University of Rhode Island joining Cornell in experiencing a shortage of funds.

The real decline came in 1968-69 when the number of public universities with deficits jumped to seven. Massachusetts Institute of Technology, the Association's other private university member, also experienced a deficit that year, bringing the total number of member institutions with deficits to nine. The total grew to 14 last year, including 12 public universities, and indications so far do not suggest that there will be a reversal of this alarming trend during academic 1970-71.

General funds and savings have been put to use in handling deficits on many of these campuses. However, most working capital of this type has now been depleted, and the universities are left with no alternative but to take extreme--often detrimental--economy steps to avert future deficits or they must resort to drastic measures such as borrowing large sums of operating revenue.

Some public universities are prohibited by state law to run deficits. These universities must therefore take extreme measures as a first step rather than a last resort.

(See chart on page 2 for a listing of all institutions reporting deficits during the past four years.)

PUBLIC UNIVERSITY FINANCIAL SURVEY

This is only one of the alarming findings of a survey of the financial status of state and land-grant colleges and universities conducted by the Office of Research and Information of the National Association of State Universities and Land-Grant Colleges during March and April, 1971. A total of 78 of the 99 multi-campus universities holding membership in the Association responded to the 23-question survey.

(A copy of the survey document and a listing of all universities participating in the study is included in the back of this report.)

DEFICITS

1964-65	1965-66	1966-67	1967-68	1968-69	1969-70
	Cornell University	University of Nebraska	Cornell University	Massachusetts Institute of Technology	University of Alaska
		Cornell University	University of Rhode Island	University of Michigan	Florida State University
				Alcorn A & M College	Southern University
				Lincoln University	Massachusetts Institute of Technology
				Cornell University	University of Michigan
				Oklahoma State University	Alcorn A & M College
				University of Rhode Island	Lincoln University
				University of Vermont	University of New Hampshire
				Virginia State College	Rutgers, The State University of New Jersey
					Cornell University
					Oklahoma State University
					Tennessee State University
					University of Vermont
					Virginia State College

STOPGAP MEASURES

A look at universities with deficits does not even begin to tell the story. The financial crisis at public universities is much greater than can be shown by a cursory look at university ledger sheets. Some universities have had to resort to emergency measures that are at best stopgap actions that cannot be continued indefinitely without doing irreparable damage to these great institutions of learning. Others are existing within the framework of "standstill" budgets. Practically none has managed to avoid taking economy measures that at times pose threats to the quality of the institution. All have a growing array of needs that are not being met.

For two years Pennsylvania State University has been forced to go to private lending institutions for funds to meet operating expenses because state appropriations were not made in time to meet their day-to-day costs. They have borrowed a total of $88.55 million which will cost the university in access of $2 million in interest charges.

Three of the Association's member universities have found it necessary to dip into unrestricted endowment principal to obtain funds for operating expenses. One of these universities, the University of South Carolina, has been able to avert a deficit only by taking such action. The other two universities, Rutgers and Cornell, have had deficits even after dipping into endowment principal. Cornell has also used funds obtained from appreciation of endowment funds to meet operating expenses, and the University of Vermont has taken the same action in the face of deficits for the past two fiscal years.

It is indeed fortunate that up to this point only a very limited number of institutions have had to take such emergency measures. However, as the number of unmet needs grow on campus and as universities exhaust all possible means of economizing, actions such as borrowing funds from private institutions and from endowment funds are certain to become more prevalent. Deficits will also become more common.

ECONOMY MEASURES

As financial problems have mounted, universities have first looked within their own walls to see how to deal with them. Sixty-nine of the 78 universities responding to the financial survey reported having taken one or more economy measures to help stem the tide of climbing costs. In the order of frequency mentioned, the economies that have been most generally instituted include:

Deferment of maintenance (44 institutions)
Elimination of new programs (42 institutions)
Faculty/staff freezes, cutbacks (40 institutions)
Extension/research cutbacks (17 institutions)
General reduction of expenditures (13 institutions)
Reduction of travel/telephone expenses (8 institutions)
Maintain faculty salary level (6 institutions)
Miscellaneous (5 institutions)

(See chart on page 5 for illustration of most frequently employed economy measures.)

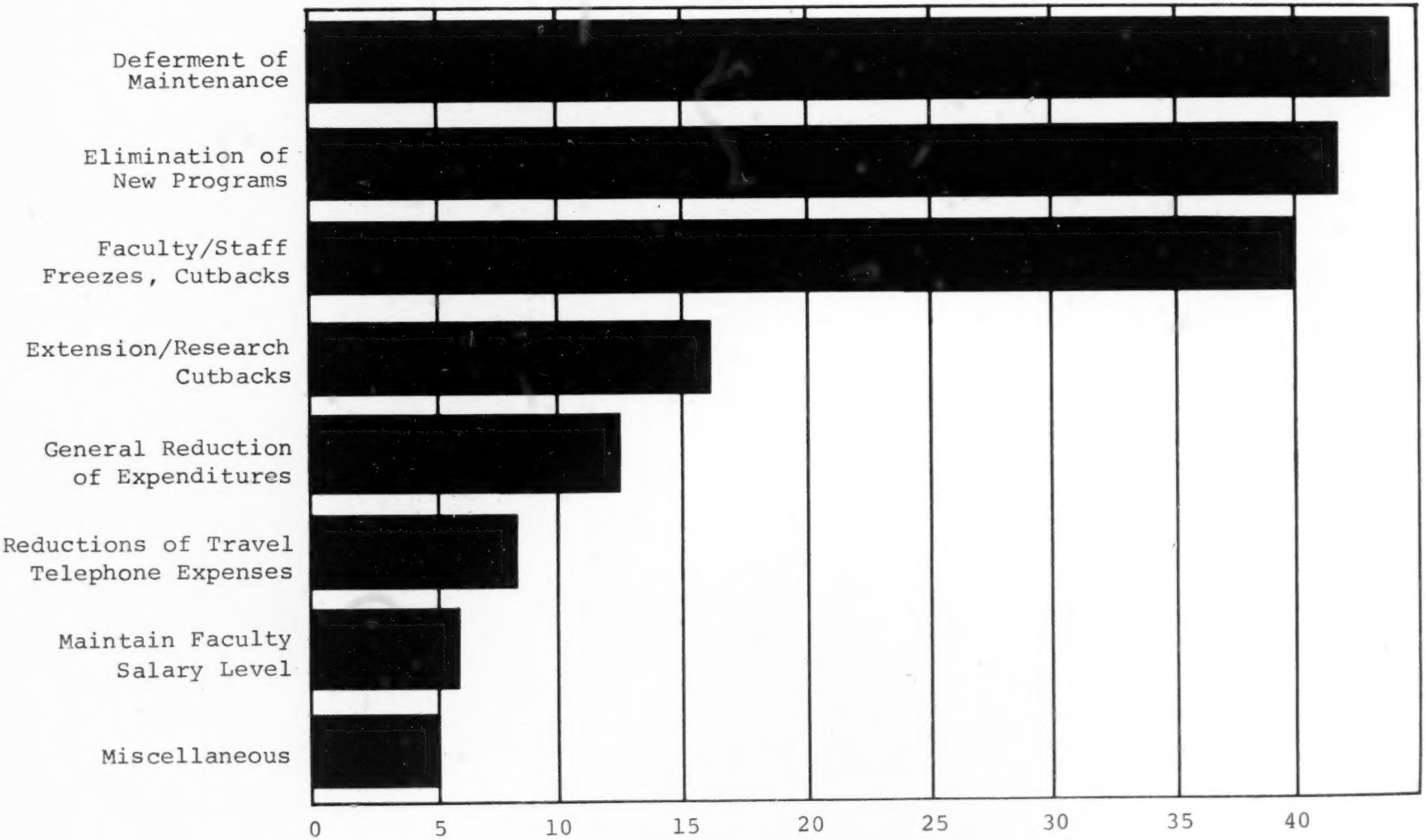
It is obvious that the three most frequently mentioned economy measures involve actions that cannot become a way of life if these universities are to continue to function as viable academic centers.

Although deferment of maintenance is an easy first step, the backlog of demonstrable needs is reaching incredible proportions on some campuses. The University of California reports a backlog of major maintenance needs to arrest deterioration on its nine campuses now standing at $6 million and growing rapidly. The university also reports that efficient use of existing facilities is prevented in many cases because it has no funds to carry out necessary alterations to restore or convert outdated classrooms, laboratories and libraries. The alteration backlog now stands in the tens of millions.

Another example is offered by Miami University. President Phillip R. Shriver says that there are now demonstrable needs on the Oxford, Ohio campus alone for at least a half-million dollars in deferred maintenance.

The elimination of new programs and faculty and staff reductions have even greater and far more serious consequences for universities. Such actions endanger an institution's academic excellence and thus diminish its central reason for being--to offer quality education for its students.

ECONOMY MEASURES UNIVERSITIES HAVE TAKEN



Faculty/staff cutbacks have taken several forms. In some cases, institutions simply have not filled positions as they have become vacant. In others, only a certain percentage of vacancies have been filled. Still other universities have not been able to add sorely-needed new faculty members to teach ever-increasing numbers of students. And, in the most desperate situations, universities are having to release members of the faculty because there is simply no money with which to pay them.

The result is that overcrowding in classrooms is becoming more acute, student-faculty ratios are rising sharply and academic programs in many cases must be curtailed.

The seriousness of this situation is dramatically illustrated in the case of the University of California, where more than 500 teachers, researchers and staff personnel will have to be terminated if the governor's proposed 1971-72 budget for the university is approved by the state legislature.

For the University of California general campuses (including all campuses of the university with the exception of the San Francisco Medical Center), the budget not only fails to provide the 281 new faculty positions requested by the university but would also eliminate 100 current faculty positions. The 1971-72 enrollment at the University of California is expected to grow approximately four percent while the number of faculty members will decline by almost two percent and instructional supporting funds will be decreased by about five percent. The student-faculty ratio, which was 14.4 students for every faculty member in 1966-67, increased to 16.5 in 1970-71 and will increase to 17.4 in 1971-72.

(A chart accompanying this report compares the growth of University of California enrollment and University of California state support.)

Although the University of California situation is one of the most serious in the nation, it is not an isolated example. The 40 universities which indicated that they have instituted some type of faculty/staff cutback make this quite clear. South Dakota State University offers another dramatic portrayal of the problem. At that university the actual head count of students has grown 105 percent in the past ten years, but the number of instructors has increased by only 50 percent.

As might be expected, when faculty is curtailed, new programs must also be forgotten. With 42 institutions reporting that they have been compelled to eliminate new programs, this is far from an exceptional occurence. Even in cases where programs have been started, lack of financial support is threatening many with loss of accreditation.

Along with the elimination of new programs most universities are going through an intensive examination of their priorities in an effort to determine what is most important to the university mission at a time when financial considerations make it impossible for any one university to be all things to all people. Self-examinations also seek to improve operating efficiency. This is one of the very few good results of the financial crisis.

At the University of California at Los Angeles, Chancellor Charles E. Young set up faculty committees to review a number of the university's academic programs in the light of present and projected levels of state support. The committees have been asked to look for ways to save money by possible reduction, consolidation or elimination of programs.

University of Iowa President Willard Boyd asked every unit in the university to suggest ways in which it could reduce existing expenditures by five percent while indicating the most critical new needs for the next biennium.

"As an alternative to internal budget review," he said, "we could treat the Regents' request as a status quo budget. To treat this limited asking as such, however, would sap the institution of its vitality. In many respects our situation will be austere. Nevertheless, we must look upon this asking as an opportunity to meet the future and not merely preserve the past."

President Robben Fleming of the University of Michigan chose the same approach in calling for a searching examination of all internal programs to arrive at an overall three percent target budget reduction for 1971-72. Money obtained from such savings will be reallocated to other more urgent needs such as providing more student aid funds and faculty salary increases.

Rutgers University has created a commission to systematically re-examine every aspect of university functioning in order to improve operating efficiency.

HOW MUCH ECONOMY

As always at times of economic crisis, there is heard again today the discussion of management, accountability and control. All responsible educators would agree that efficient management is an essential goal in any educational institution. As this look at economy measures taken on university campuses shows, austerity operations have become facts of life at a growing number of institutions which are today striving to stretch financial resources to the limit.

The question arises: When does austerity become self-defeating?

There is a point at which cutbacks take a toll and threaten to cripple the objectives of higher education. Certainly, it is society which then suffers.

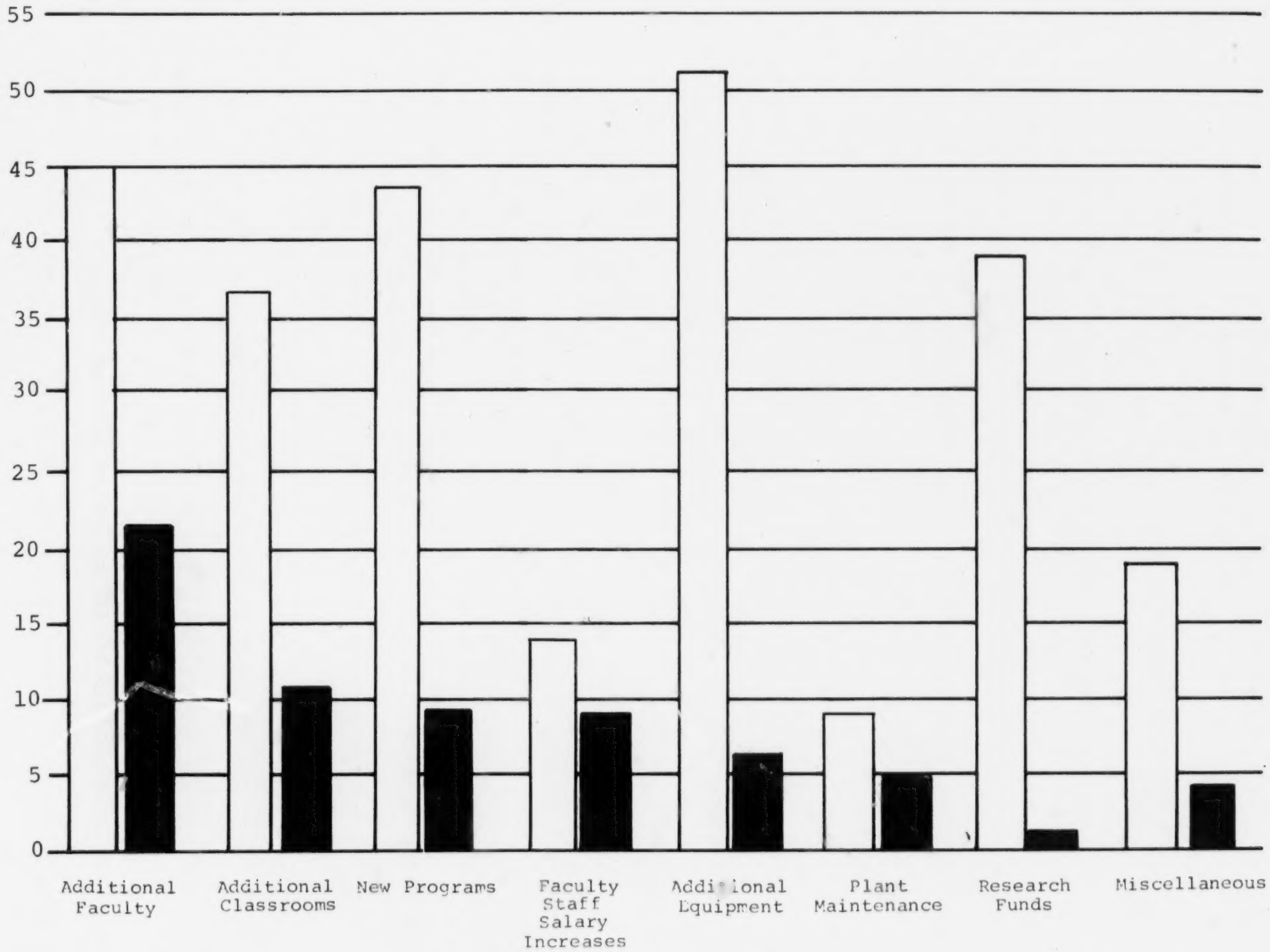
UNMET NEEDS

Any analysis of economy measures that have been instituted on university campuses is not complete without a corresponding look at the primary unmet needs of universities. The Association's survey of financial problems revealed that the most pressing unmet needs at member institutions are, in order of importance: Additional faculty, new programs, additional classrooms, faculty and/or staff salary increases, additional equipment, plant maintenance and research funds.

(The chart on page 9 illustrates what the most pressing unmet needs of institutions are in two ways. The black bars indicate the number of universities ranking each category as their number one need. The outline bars indicate the total number of universities ranking each category as a pressing unmet need.)

The need for additional faculty was ranked as the most pressing need by the largest number of universities. Twenty-two institutions (32 percent of respondents) ranked this as their number one need and 45 institutions mentioned it as an urgent problem. The fact that faculty reductions have been among prime economy measures universities have been forced to take makes this easily understandable.

MOST PRESSING UNMET NEEDS



The number-two ranked need--new programs--also seems directly related to the fact that new programs have been eliminated as an economy measure at a great many institutions. Eleven universities ranked this as their most pressing need and 43 universities reported that new programs are needed but that the need is not being met.

Universities reported a whole range of types of programs that are urgently needed but which cannot be started because of a lack of resources. Programs to answer new needs in the health sciences are among the most crucial requirements that are not being answered. Programs in the area of the environment and urban affairs have also felt the crunch as have undertakings that aim at bringing about innovative curriculum changes.

As for other needs that are going unanswered, even the most superficial examination shows that they cannot go unmet indefinitely and that most bear a direct correlation to economy measures that have been forced on the institutions.

Classroom shortages have a direct effect on the number of students a university can enroll. Thirty-seven universities reported that they need more classrooms; nine institutions classified this as their most pressing need.

Funds for salary increases must be available if an institution is to retain high caliber personnel. Nine institutions noted that this is their number one need today, and fourteen universities classified it as an important unmet need.

New equipment must be purchased and outdated equipment replaced if universities are to meet new, constantly changing educational challenges. Yet 51 universities classified new equipment as a need that is not being met sufficiently, and seven institutions ranked this as their number one requirement.

Plant maintenance can often be deferred, but it cannot be ignored indefinitely. Five universities now have sufficient problems in this area to rank it as their number one unmet need, and nine universities reported that it is a pressing unmet need.

Funds for research must be available if an institution is to offer the type of high quality education that young people today require and demand. Thirty-eight universities, however, reported that this need for research funds is not being met, and two universities considered it their most pressing unmet need.

WHAT HAS CAUSED THE PROBLEMS?

Why do public universities, which in the minds of most taxpayers receive vast support from the state coffers, find themselves in such a predicament?

The taxpayer might look within his own household to find part of the answer. Inflation has hit the university pocketbook in the same way it has hit the family's. Just as a household needs a six percent annual increase in income to keep pace with rising costs, the university must have the same.

The university situation becomes more complex, however, when the factor of constantly rising enrollments is added. To break even, a university must then have sufficient funds to provide both for inflationary increases and for the education of the additional number of students it expects to enroll.

STANDSTILL BUDGETS

University budgets become less adequate each year to meet these needs--which at best only allow a university to stand still. If a university is to do more than maintain the status quo, additional resources must be found. The needs are staggering and constantly escalating.

Taking the two factors of inflation and increasing enrollments, the Association's Office of Research and Information found that a university must have an average annual increase of 10 percent in its operating budget to maintain its current level of services.

Forty-four universities among the 78 responding to the Association's survey (56.4%) reported changes in their operating budgets for 1970-71 that amounted to 10 percent or less than the comparable budget for 1969-70. Three universities actually had decreases in their operating budgets. They were: Alabama A & M University (-12.4%); University of Alabama at Huntsville (-8.3%) and Massachusetts Institute of Technology (-.1%).

(A complete listing of these institutions, along with an explanation of the formula used to arrive at the required annual 10 percent increase, can be found at the back of this report.)

This means that more than half of the nation's state universities and land-grant colleges this year could not hope to do more than stand still. Since the majority of the reported increases were actually less than the 10 percent minimum, most institutions were in reality taking a step backward.

The total amount of the operating budgets reported by the 78 universities for 1970-71 was $6,816,678,010. This amounted to an overall increase of $595,875,120 (9.6%) over the budget figure of $6,220,802,890 for 1969-70. Therefore, the overall increase in budgets also fell below the requirements for maintaining a standstill operation.

The question then must be: How can public universities come out of this slump? What are the possible sources of income from which they can hope to provide for their needs, and what can be done to expand resources in each category?

In general, there are six major channels of revenue. They are:

State appropriations
Student fees
Federal appropriations
Private gifts, grants and contracts
Earnings
Miscellaneous sources

An analysis of operating revenue for 1970-71 reported by the 78 institutions responding to the Association's survey showed that of the total revenue of $6,540,392,680, the following amounts came from each of the possible sources:

State appropriations-$3,296,077,526 (50.4%)
Student fees--$857,143,931 (13.1%)
Federal appropriations--$894,394,315 (13.7%)
Private gifts--$349,709,152 (5.3%)
Earnings--$869,382,924 (13.3%)
Miscellaneous sources --$273,684,832 (4.2%)

STATE APPROPRIATIONS

The figures clearly show that, contrary to public opinion, state appropriations do not serve as the almost exclusive source of university support. Approximately half of the 1970-71 operating revenue for these state and land-grant institutions was obtained from other sources.

In most states, the appropriations' increase for all of higher education has been greater in recent years than the increase for the state or land-grant university. The demand for state tax funds from other segments of higher education, such as junior colleges, private higher education and newly-established institutions and programs, is creating a heavy drain on the tax dollar that often works against the state university.

At the same time, most states themselves are faced with severe financial problems brought on by increasing demands on every hand. Universities are aware that the states must make hard priority decisions in allocating limited revenue. Yet inadequate state appropriations lie at the root of the financial difficulties now buffeting most public universities and colleges.

A comparison of state appropriations received by all survey participants for the academic years 1969-70 and 1970-71 reveals that 29 institutions received increases that were less than the ten percent "standstill" requirement. One institution, the University of Missouri, received exactly the same appropriation for each of the two years.

(A list of all institutions with increases of ten percent or less is included, at the back of this report.)

STUDENT FEES

In recent years, it has been the student who has been forced to bear more and more of the costs of higher education. Yet critics of public higher education financing feel that fees charged the student should be raised to even higher levels, arguing that the student is the primary beneficiary of higher education and therefore should pay accordingly.

It is doubtful that most of these critics know how much of a financial burden the student already is bearing. A look at what has happened to student costs over the past five years most effectively underscores the alarming rise in charges in every category.

A comparison of median charges at the Association's member institutions for the 1965-66 and 1970-71 academic years shows that there has been a 30.6 percent increase in total charges to resident students over the past five years, and a 34.4 percent increase in charges to non-resident students. This means that there has been an average annual increase of better than six percent for both categories of students.

(The chart below shows national medians for both categories of students for the two years.)

FIVE-YEAR TREND IN MEDIAN STUDENT CHARGES
AT NASULGC MEMBER INSTITUTIONS

1965-66		1970-71		Percentage Increase	
Res.	Non-R.	Res.	Non-R.	Res.	Non-R.
$1,053	$1,502	$1,376	$2,019	30.6%	34.4%

Unfortunately, charges for tuition and other required educational fees alone have been going up just as fast as total student charges, which include room and board costs. Additionally, survey data indicate that the pace of tuition and fee increases may be accelerating. The median charge for resident tuition and required fees at NASULGC institutions for 1970-71 was $452.50. Charges in this category ranged downward from $905 at the University of New Hampshire to $97 at Federal City College in Washington, D.C.

Universities responding to the Association's financial survey were asked if they expected to raise tuition and required fees for 1971-72 to help meet their operating budgets. Thirty universities reported that they expect to raise tuition and 23 indicated that they anticipate increases in required fees.

In 1970-71, 34 universities increased tuition and 37 universities increased required fees to meet their operating budgets, according to survey responses.

(A complete listing of all universities that will raise student charges in at least one category in 1971-72 is on the following pages. Charts are in the back of the report showing which universities increased tuition and/or required fees in 1970-71.)

Information on the amount of expected increases for 1971-72 reveals another alarming development. The median percentage increase for tuition charges to resident students will be 18.8 percent and the median percentage increase for required fees will be 18.1 percent, considerably above last year's 6 percent increases.

STUDENTS' SHARE OF INSTRUCTIONAL COSTS

Another indication of the increasing burden being placed upon the individual student can be found in an analysis of the percentage of instructional costs now being paid by the individual student. Of the 37 usable responses received to this question in the Association's survey, the median percentage for resident students was 27.6, creeping above the traditional 25 percent level.

A growing number of institutions reported that their students are paying a percentage share of instructional costs that is far greater than this median figure. The highest figure was reported by South Dakota State University, where resident students now pick up the tab for 50 percent of their instructional costs.

These figures pertain to resident students only. The percentage of instructional costs borne by non-resident students is far greater. All but eight universities reporting a percentage figure for non-residents now charge these students better than 50 percent of instructional costs, and five institutions noted that this category of student now pays 100 percent of instructional costs.

INCREASES IN STUDENT CHARGES
1971-72

(The following institutions will increase charges in the designated categories.)

Total: 51 institutions

Institution	Tuition	Required Fees	Room	Board
Alabama A & M University			X	X
University of Alaska		X	X	X
University of Arkansas	X		X	X
University of California	X [1]	X		
University of Connecticut				X
Delaware State College			X	X
University of Delaware			X	X
Florida A & M University			X	X
Florida State University	X			
University of Florida	X			
University of Idaho	X[2]	X[2]		
Southern Illinois University	X		X	X
University of Illinois	X[3]	X		
Purdue University	X[1]		X	X
University of Iowa			X	X
Kansas State University			X	X
Kentucky State College			X	
University of Kentucky			X	X
Southern University	X[2]	X[2]	X[2]	X[2]
University of Maine-Orono			X	X
University of Maryland	X[4]	X[4]	X[4]	X[4]
Massachusetts Institute of Technology	X	X	X	X
University of Massachusetts			X	X
University of Michigan	X[2]		X[2]	X[2]
University of Minnesota	X	X	X	X
Alcorn A & M College				X
Lincoln University				X[2]
Montana State University		X	X	X
University of Montana	X	X	X	X
University of Nebraska	X		X	X
University of New Hampshire	X[1]		X	X
Rutgers The State University			X	X
University of New Mexico	X		X	X
Cornell University	X[5]	X	X	X
State University of New York	X			

INCREASES IN STUDENT CHARGES
1971-72

Institution	Tuition	Required Fees	Room	Board
North Carolina State University		X		
North Dakota State University			X	
University of North Dakota				X
Kent State University	X			
Oregon State University	X		X	X
University of Rhode Island	X[2]	X[2]	X	X
Clemson University		X		
South Dakota State University		X		
University of South Dakota	X	X	X	
Tennessee State University	X	X		
Texas A & M University	X[2]		X	X
University of Houston	X[2]	X[2]	X[2]	X[2]
University of Vermont	X			
Virginia Polytechnic Institute	X			
University of Washington	X[2]	X[2]	X[2]	X[2]
Washington State University	X	X	X	X
West Virginia University		X[1]	X	
University of Wisconsin	X[2]	X[2]	X[2]	X[2]
	30	23	34	34

(1) Non-resident only
(2) Anticipated increase
(3) Urbana campus only
(4) College Park and Baltimore County campuses only
(5) Endowed schools only

LOW TUITION PRINCIPLE

It is ironic that this trend is developing at a time when one of the great national endeavors in American higher education is to open up new opportunities for the disadvantaged. In prospect is a serious erosion of the principle of low tuition, which has been basic to the whole concept of public higher education in the United States.

As Russell I. Thackrey, former executive director of NASULGC, points out in his recently-published study, "What's Behind the Rising Cost of Education?", the United States, which for decades progressed steadily toward the ideal of equal opportunity for all to develop their talents, now requires its college students to pay more of the costs of their education than any other major country with the possible exception of Canada.

More than a century ago, the American people began to realize that access to education beyond high school, for those who would be able to make greater contributions to society as a result, was equally as essential as access to earlier levels.

It also became clear that with the closing of the western frontier of free land and new opportunity, true equality of opportunity for young Americans involved effective access to higher education. Private resources alone were wholly inadequate to the task.

Public institutions of higher education, supported by all the people of the states through taxation, were established. Most of these were set up on the basis of free or nominal tuition. Society would, in brief, pay the cost of instruction and of classrooms and of laboratories in which instruction was given. The goal was to help those who through their own efforts and those of their families could not meet the substantial costs involved in education beyond high school.

University of Virginia President Edgar Shannon summed up this concept in a recent address:

"In today's complex society, we must add the incontrovertible argument that all society gains from an educated population and loses from an ignorant one. The taxpayer who has no children in college, or in engineering school, or in teacher training, or in Medical School, or in Law School still benefits from the education of those who build the buildings, or fly the planes, or cure illness, or teach the neighborhood children, or dispense justice in the courts. Furthermore, our great system of public universities has insured that such leaders and specialists no longer need be drawn only from the children of the wealthy.

"I view with alarm an increasing tendency toward higher tuition costs to students in state institutions of higher education. While the amount of government support has risen, the cost of education has risen faster.....If we permit the temporary problems involving the financing of higher education to push tuition charges higher, the effect can be to bar from higher education hundreds, and even thousands, of fine...students--young men and women with undeveloped capacities to serve their fellow-men and improve the quality of their own lives and the lives of others."

Dr. M. M. Chambers of the Department of Educational Administration at Illinois State University points out that more and better education for more people produces economic growth, improved public health and elevated culture and well being for the whole public. Its benefits reach to every person, of whatever age, sex, race or financial condition. It means "less bigotry in the Temple, less suffering in the hospital, less fraud in business, less folly in politics."

Education is not primarily a private "consumer's good", to be bought and paid for at the going price, for the private gratification of the purchaser and to give him an advantage over his fellows in the financial and social competitions of life. It is a great public enterprise for the long-range public benefit. It has been a highly productive investment for State tax funds.

PRIVATE GIFTS

Public universities in recent years have greatly expanded efforts to gain more private support. This trend will certainly continue and expand.

However, this source of revenue also has its limitations. In its most recent report on private gifts to U.S. colleges and universities, the Council for Financial Aid to Education found that last year the first average annual decrease in more than a decade was registered.

The total contributions from alumni, foundations, corporations and other private sources to universities came to $1.78 billion during 1969-70, down $20 million from the 1968-69 level. Although the report also showed that support of public, four-year institutions had grown 16.3 percent within the framework of an overall decline in support, public higher education still received a relatively small portion of the total.

The increase was based on data from 806 institutions, including 575 private institutions, 148 public four-year institutions and 83 junior colleges. Out of a total of $1,327,669,000 received by these colleges and universities, the public four-year institutions received $275,869,000, or only 20 8 percent of the total gifts. If the pattern of declining support continues, public institutions are certain to see a decrease in this already small portion.

FEDERAL SUPPORT

An analysis of all other sources of university revenue leads to the conclusion that the possibility of increased federal support is the least explored. The facts also indicate that federal aid directly to all institutions, private as well as public, for use in meeting operating costs would be the most desirable form that this support could take.

Asked to indicate the type of federal aid they would most prefer, public universities responding to the Association's financial survey overwhelmingly favored institutional grants. Sixty-seven institutions indicated that this would be the most preferable type of federal aid while only seven institutions stated a preference for any other type of federal support.

The fact that a whole range of "most pressing" needs were revealed by institutions responding to the survey also indicates that unrestricted operating aid to institutions would best enable recipients to use the money where it is most needed. It is quite clear that some would apply funds to faculty salaries, some to innovative programs, some to interest on indebtedness, some to plant maintenance. The flexibility of the program could be its strongest feature.

Those who have studied the financial problems of universities at close range are in agreement that major new public help, at the national level, is essential. Dr. Earl Cheit, author of the Carnegie Commission national study, The New Depression in Higher Education, has noted that one of the most important findings of the study is that "given the present forces at work, the schools can't cut their way out of this alone...They're going to need help from all possible sources--federal government, state government, local governments for community colleges and private donors."

If public universities, which now enroll about 70 percent of all college students,are to continue to provide a place for the majority of young people who wish to enter higher education, it is obvious that the federal government must become a part of this effort that is for the good of the entire nation.

Today there are seven and a half million students in the nation's colleges and universities. The number is expected to climb to 12 million by the end of the decade.

State universities and land-grant colleges already are beginning to feel the squeeze in trying to accomodate such mammouth enrollments. In its annual freshman admissions survey this spring, the Office of Research and Information of the Association found that its institutions expect to turn away up to 50,000 qualified students this fall. These same institutions, faced with record freshman admission applications, have been forced to adopt self-imposed enrollment quotas. Classroom and faculty shortages have tightened the bind.

More funds must be found to build the classrooms, hire the faculty, purchase the equipment and obtain the books that are needed for these ever-growing enrollments. America's universities are ready to meet the challenge, but the need for the Federal Government as a partner in this national endeavor becomes daily more evident.

If, as a Nation we are serious about increasing opportunities in higher education for our young people--particularly for the disadvantaged--then there must be places for them to go, dormitories in which to live, classrooms in which to learn and laboratories in which to work.

These are the requirements and they can be met only through increased public financial support to institutions of higher education.

It does not seem, on balance, too high a price to ask for maintaining the traditional pre-eminence and distinction of American higher education.

REQUIRED ANNUAL INCREASE FOR STANDSTILL UNIVERSITY OPERATING BUDGET*

Required Annual Increase: 10.0%

Formula Used:

1. 1969-70 Operating Budget / 1969-70 Enrollment equals Cost per student

2. Cost per student multiplied by The increase of students from 1969-70 to 1970-71 equals The amount of money needed to meet enrollment increases.

3. This amount plus 6.0% increase for inflation plus the 1969-70 budget equals The amount needed in the 1970-71 budget just to stand still.

Basic Data:

1969-70 budget for operating expenses	equals	$6,220,802,890
1969-70 enrollment	equals	1,750,000
1970-71 enrollment	equals	1,820,000
Enrollment increase	equals	70,000
6.0% increase for inflation	equals	373,248,173

Formula Applied to Basic Data:

$\frac{\$6,220,802,890}{1,750,000}$ equals $3,554 multiplied by 70,000 equals $248,780,000

248,780,000
plus 373,248,173
plus 6,220,802,890

equals $6,842,831,063 less $6,220,802,890 equals $\frac{622,028,173}{6,220,802,890}$

equals

Required Annual Increase: 10.0%

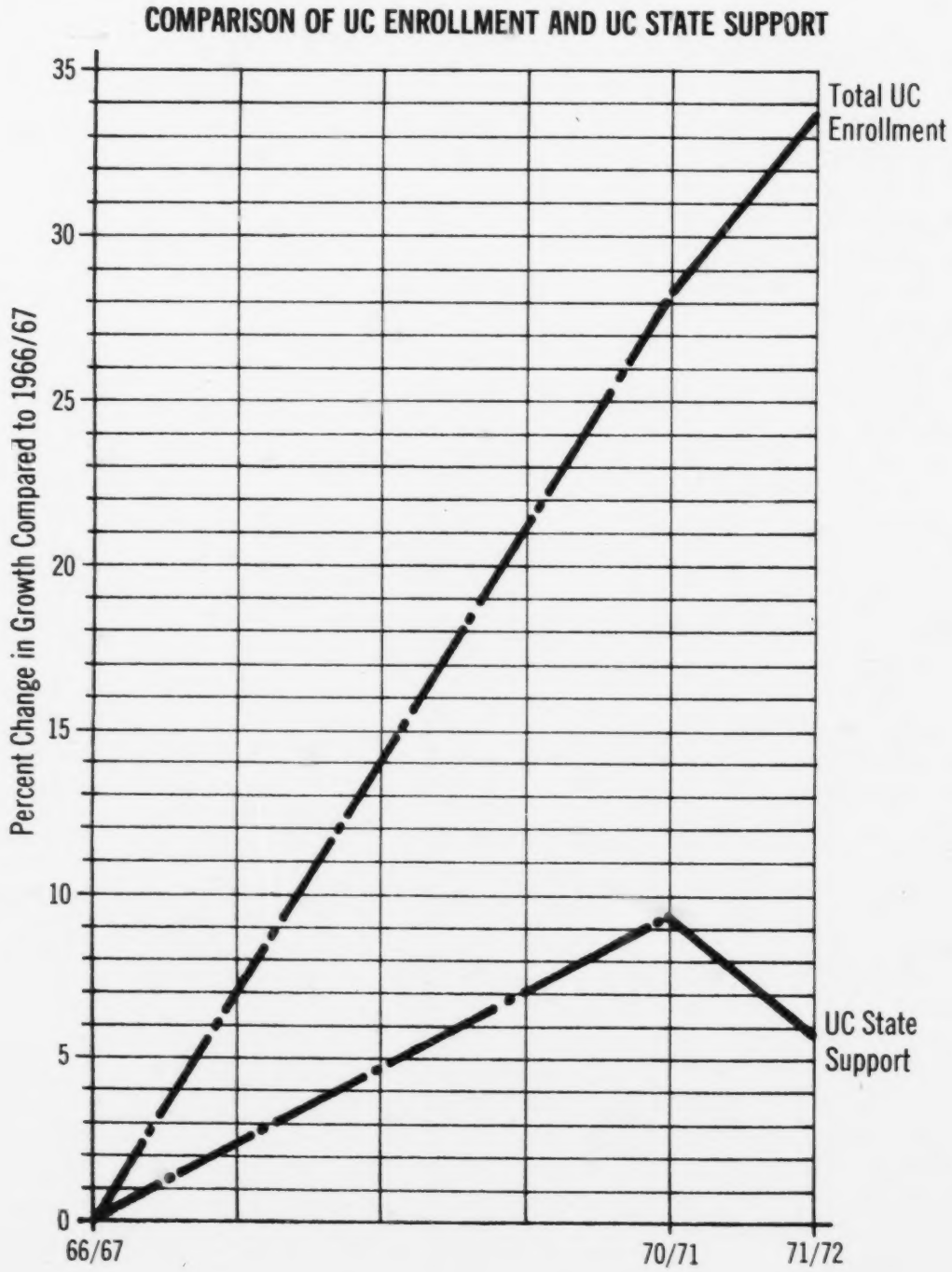
* Based on figures provided by 78 universities

UNIVERSITIES WITH STANDSTILL OPERATING BUDGETS

There were 44 member institutions which had changes in their operating budgets from 1969-70 to 1970-71 that were 10 percent or less.

Oregon State University	10.0% Increase
University of Iowa	9.9
Florida State University	9.6
Cornell University	9.4
Texas A & M University	9.4
University of Missouri	9.1
Montana State University	9.1
University of North Dakota	9.0
University of South Carolina	9.0
University of Houston	9.0
University of Montana	8.9
University of Kansas	8.8
Federal City College	8.6
Virginia State College	8.3
North Dakota State University	8.1
Utah State University	7.9
University of Wyoming	7.9
University of Minnesota	7.8
Southern Illinois University	7.6
Purdue University	7.5
Lincoln University	7.5
Kansas State University	7.2
University of Michigan	7.0
University of Alabama Main Campus	6.9
University of Utah	6.9
University of Kentucky	6.8
Michigan State University	6.4
University of Nebraska	6.4
North Carolina State University	6.1
University of Wisconsin	6.0
University of Massachusetts	5.7
South Dakota State University	5.1
South Carolina State University	5.0
Wayne State University	4.9
Clemson University	4.9
University of South Dakota	4.8
Iowa State University	4.7
Texas Tech University	3.2
University of Florida	2.7
University of Washington	2.4
University of New Mexico	2.0
University of Idaho	1.5
Massachusetts Institute of Technology	-.1
University of Alabama at Huntsville	-8.3
Alabama A & M University	-12.4

AN EXAMPLE OF DIMINISHING STATE SUPPORT OF PUBLIC UNIVERSITIES



Source: University of California NEWS "Clip Sheet", March 9, 1971.

TUITION INCREASES
1970-71

(These institutions increased tuition in order to meet operating budgets.)

Alabama A & M College
* Auburn University
* University of Alabama, Main campus
University of California
* Delaware State College
University of Delaware
* University of Idaho
Southern Illinois University
University of Illinois
* Kansas State University
University of Kansas
* University of Maine-Orono
* Massachusetts Institute of Technology
Michigan State University
University of Michigan
* Alcorn A & M College
* University of Missouri
* University of New Hampshire (non-resident tuition only)
* Cornell University
* North Carolina State University
Kent State University
* Oklahoma State University
* University of Oklahoma
Pennsylvania State University
* University of Rhode Island
* South Carolina State College
* University of South Carolina
* Tennessee State University
* University of Vermont
* University of Virginia
Virginia Polytechnic Institute
* Virginia State College
* University of Washington
* University of Wisconsin
* University of Alabama, Main campus

Total: 34 institutions

* Increased both tuition and required fees

REQUIRED FEES INCREASES
1970-71

(These institutions increased required fees in order to meet operating budgets.)

*Auburn University
*University of Alabama, University campus
*Delaware State College
Florida A & M University
*University of Idaho
*Kansas State University
University of Kentucky
*University of Maine ~~at~~ Orono
University of Maryland
*Massachusetts Institute of Technology
University of Massachusetts
*Alcorn A & M College
*University of Missouri
*University of New Hampshire
*Cornell University
*North Carolina State University
*Oklahoma State University
*University of Oklahoma
*University of Rhode Island
Clemson University
*South Carolina State College
*University of South Carolina
South Dakota State University
*Tennessee State University
Texas Tech University
*University of Vermont
*University of Virginia
*Virginia State College
*University of Washington
Washington State University
*University of Wisconsin

Total: 31 institutions

* Increased both tuition and required fees

SURVEY PARTICIPANTS

Total: 78 universities

Alabama A & M University
Auburn University
University of Alabama
University of Alaska
University of Arizona
Arizona State University
University of Arkansas
University of California
University of Connecticut
Delaware State College
University of Delaware
Federal City College
Florida A & M University
Florida State University
University of Florida
Fort Valley State College
University of Idaho
Southern Illinois University
University of Illinois
Purdue University
Iowa State University
University of Iowa
Kansas State University
University of Kansas
Kentucky State College
University of Kentucky
Louisiana State University
Southern University
University of Maine
University of Maryland
Massachusetts Institute of Technology
University of Massachusetts
Michigan State University
University of Michigan
Wayne State University
University of Minnesota
Alcorn A & M College
Lincoln University
University of Missouri
Montana State University
University of Montana
University of Nebraska
University of New Hampshire
Rutgers, The State University of New Jersey
University of New Mexico
Cornell University
State University of New York
North Carolina State University
North Dakota State University
University of North Dakota
Kent State University
Oklahoma State University
University of Oklahoma
Oregon State University
Pennsylvania State University
University of Puerto Rico
University of Rhode Island
Clemson University
South Carolina State College
University of South Carolina
South Dakota State University
University of South Dakota
Tennessee State University
University of Tennessee
Texas A & M University
Texas Tech University
University of Houston
University of Texas System
University of Utah
Utah State University
University of Vermont
Virginia Polytechnic Institute & State University
University of Virginia
Virginia State College
University of Washington
Washington State University
West Virginia University
University of Wisconsin
University of Wyoming

NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND-GRANT COLLEGES

QUICK-RESPONSE QUESTIONNAIRE ON FINANCIAL STATUS
OF NASULGC MEMBER INSTITUTIONS

SEND REPLIES TO: Jean Bruntlett
Office of Research and Information
Suite 710
One Dupont Circle, N.W.
Washington, D. C. 20036

PLEASE RESPOND BY MARCH 8, 1971

1. What is the university's operating budget for 1970-71? $_____

2. What was the university's operating budget for 1969-70? $_____

3. What were the university's actual operating expenditures for 1969-70? $_____

4. Please indicate the sources of revenue for 1970-71 with a specific dollar figure given for each of the following sources:

   State appropriations $_____

   Student fees $_____

   Federal appropriations $_____

   Private gifts, grants and contracts $_____

   Earnings $_____

   Gifts and endowment income for student aid $_____

5. What was the difference in the amount of appropriation received from the state legislature for operating funds in 1970-71 as compared with the appropriation for 1969-70? $_____

6. What is the university's capital budget for 1970-71? $_____

7. What was the university's capital budget for 1969-70? $_____

8. What were the university's actual capital expenditures for 1969-70? $_____

9. Please indicate the sources of capital revenue for 1970-71 with a specific dollar figure given for each of the following sources:

   State appropriations $_____

   Federal appropriations $_____

   Private gifts $_____

   Revenue bonds $_____

10. Was it necessary to increase tuition to meet the 1970-71 operating budget? Yes_____ No_____

11. Was it necessary to increase required fees to meet the 1970-71 operating budget? Yes_____ No_____

12. Do you anticipate increases in the following categories for the 1971-72 academic year?

	FROM	TO
Tuition	_____	_____
Required fees	_____	_____
Room	_____	_____
Board	_____	_____

13. What percentage of total instructional costs, as defined in Bureau of the Budget Circular A-21, are now being paid by students?

   Resident _____%

   Non-resident _____%

14. Has your institution had to borrow money to meet current operating costs? Yes_____ No_____

15. If so, from what source?

   Private lending institutions _____

   Current funds _____

   Other (specify) _____

16. Has the university found it necessary to dip into unrestricted endowment principal to obtain funds for operating expenses? Yes_____ No_____

17. Has the university used any funds obtained from appreciation of endowment funds to meet current operating expenses? Yes_____ No_____

18. Has the university experienced an operating deficit for any year up to the present time? Yes_____ No_____

If so, indicate for which year or years. _____

19. Do you anticipate a deficit during the current fiscal year? Yes_____ No_____

If so, how much? _____

20. What steps has the university taken to economize? (If more than one item is checked, please rank in importance.)

CHECK		RANK
_____	Reduced faculty and/or staff size	_____
_____	Maintained faculty salaries at the same level	_____
_____	Eliminated new programs	_____
_____	Cutback extension and research activities	_____
_____	Deferred maintenance	_____
_____	Other (specify) _____	_____

_____

21. What is the university's most pressing unmet need?

CHECK		RANK
_____	Additional faculty	_____
_____	More classrooms	_____
_____	Additional equipment	_____
_____	Funds for research	_____
_____	Funds for extension	_____
_____	Money for new programs (Specify type of program)	_____
	_____	
_____	Other _____	_____
	_____	

22. What type of federal aid program would you most prefer? Also indicate additional ones that you would accept.

CHECK		RANK (Number 1 choice only)
_____	Institutional grants directly to institutions	_____
_____	Grants directly to students	_____
_____	Federally supported student loan bank	_____
_____	Facilities loans	_____
_____	Income-tax credits for student expenditures	_____
_____	Interest subsidies	_____
_____	Categorical grants to institutions for research and other activities	_____
_____	Grants to the states for distribution to institutions	_____
_____	Grants to the states for distribution to students	_____

23. To what extent, in dollars, have the university's federal research contracts been reduced in the past two years? $_____

Name: _____

Title: _____

Institution: _____